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C O N F I D E N T I A L SEOUL 002389

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [KN](#) [KS](#)  
SUBJECT: REGULAR SESSION PASSES 7.5 PERCENT OF BILLS; MORE  
OF THE SAME EXPECTED IN SPECIAL SESSION

REF: SEOUL 2340

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

¶1. (C) Summary: The 18th National Assembly's first regular session came to a close on December 9 without passing the 2009 budget bill or much legislation at all. To address the budget and other outstanding bills, a 30-day temporary session opened on December 10 but it is not likely many laws will pass during the session due to the sharp divisions between the ruling and opposition parties. Along with an 82-day delay in starting the session due to fighting over the make-up of committees, a three week national audit dominated the first session under GNP-majority control in 10 years. The major parties agreed to pass the budget in the plenary by December 12, but currently, the minor Democratic Labor Party (DLP) is blocking the committee room, preventing a committee vote that is needed before a full plenary vote. The GNP will likely prioritize economic bills in the special session but Assembly sources tell us not to expect many laws to pass.  
End Summary

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Regular Session Unproductive  
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¶2. (C) During the 18th National Assembly's regular session that lasted 100 days and wrapped up December 9, 167 of 2,239 pending bills were passed (7.5 percent), far less than the 17.6 percent passed during the first session of the 17th National Assembly. Despite the ruling party's commanding majority in the National Assembly (172 out of 299), the GNP fought with the main opposition Democratic Party (DP) on virtually every bill. Observers note the opposition was emboldened to block ruling party legislation because of the persistently abysmal popularity (Reftel) of President Lee Myung-bak.

¶3. (C) Some of the "highlights" of the session were the revelations that improper rice subsidies were given to thousands of public officials, the grilling of Finance Minister Kang Man-soo over his contact with the Constitutional Court before its ruling on the comprehensive real estate tax which, if passed, would decrease real estate taxes, and fighting over the budget, which continues as we speak.

¶4. (C) The main sticking point on the budget was the related tax reduction laws the GNP packaged with the budget. The DP

and minor opposition Liberty Forward Party (LFP) agreed, in principle, to pass the budget on December 12 but the Democratic Labor Party, with only five members, is currently blocking the committee from acting on the budget bill. They claim the budget and tax cut bills favor only the wealthy. Speaker Kim Hyung-o has announced he will work to pass the budget in the plenary by December 12, so it is possible this will happen, but Assembly sources note it is likely the battle over the budget will continue until the end of the year. The DP and GNP spent all night December 11 arguing over the budget -- the DP now demanding the removal of 800 billion won worth of SOC from the budget.

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Special Session: More of the Same?  
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15. (C) In the 30-day special session, the GNP will prioritize "MBNomics"-related economic bills such as those aimed to remove restrictions on large companies' investments in their affiliates, ease restrictions on non-financial firms' investment in banks and reform public sector corporations. Other controversial bills that will be discussed but likely will not pass are laws that would criminalize cyberspace libel and allow more domestic surveillance authority for the NIS, ease restrictions on broadcasting for newspaper and other companies, and the KORUS FTA.

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Comment  
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16. (C) The National Assembly is a barely functioning unit, passing few laws and with prospects for progress dim. Many Koreans are growing more and more disillusioned with the government response to the current economic crisis, and the unproductive legislature will certainly do nothing to help the government regain the people's trust.  
STEPHENS